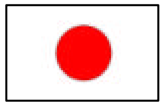


Japan

ECONOMY. Following a brief upturn in economic performance, the Japanese economy finished 2001 in its third recession in the past decade. Deflation, while resulting in decreasing prices, has decreased incomes while simultaneously increasing debt burdens, thereby reducing purchasing power. Unemployment is approaching 5%, and while low by world standards, remains very high for Japan. Most analysts expect continued weakness throughout 2002 with some improvement as export demand (primarily to the U.S.) accelerates in 2003.

EXCHANGE RATE. Like the Euro, Japan's exchange rate has declined significantly versus the dollar in recent years. Nonetheless, slight appreciation in the exchange rate in recent months has reduced the valuation gap. While not as high as during the Asian financial crisis in 1998, the Yen remains at approximately ¥117 per dollar. It should be noted, however, that despite the negative influence of the exchange rate, because of high prices in Japan, the U.S. is still perceived as a bargain for some items.

LANGUAGE RESOURCES. Japanese travelers rely on tour guides and tend to travel in groups because of the unfamiliarity of the English language among many travelers. However, the market has adjusted well to the language barriers of Japanese travelers, with several local receptive tour operators offering language translation and promotional materials in Japanese.

TECHNOLOGY APTITUDE. Internet penetration is relatively low in Japan despite low access costs. However, the number of mobile telephone users and the growing popularity of wireless connections to the Internet via mobile phones and other similar devices make computer ownership and access via fiber optic cables less important. Technology remains an important element to Japanese consumers as many electronic industry leaders maintain a strong presence in the Japanese market.

SEASONS & SEGMENTS. Leisure travel, including honeymoons and visiting friends and relatives, accounts for a high percentage of all outbound Japanese travel. Observational tourism – visiting natural and scenic, historic and cultural attractions, and visiting art galleries and museums – is also growing. Historically, city breaks and shopping have been the activity of choice for Japanese travelers to the U.S. Summer travel and travel around certain holidays dominates the Japanese market, although aging demographics and growing interest in sports is shifting preferences away from peak seasons.

HISTORIC VISITATION. Japan fell to the second largest overseas market to the U.S., during 2001, representing just over 4 million travelers. Over the past decade, growth in arrivals has been strong with the exception of a two-year period following the Asian financial crisis. Demand for U.S. travel faces significant challenges from competing destinations in Europe, Canada, Southeast Asia, and Australia. During the 1990s, Japan was Utah's fastest growing international market. Arrivals from Japan declined significantly in 2001 as post-September 11th concerns and continued economic woes dampened consumer demand.

SOCIAL & POLITICAL FACTORS. Japanese consumers are very sensitive to safety perceptions and the extensive media coverage of the September 11th attacks and their aftermath has provided a significant deterrent to demand growth. Arrivals from Japan during the last quarter of 2001 fell more than 50% and demand recovery is not expected to return quickly. However, once the safety perception is overcome, other factors should help stimulate demand. Most significant is the change in the school week from 6 days to 5 days, which should prompt additional short-break vacations.

OLYMPIC INTEREST. Olympic coverage in Japan was extensive. Over 100 million Japanese consumers each witnessed the Games for an average of 17 hours. The 2002 Games attracted additional attention from public officials and World Cup organizers, who watched the Games as a test of a high profile world sporting event.

DISTRIBUTION INFRASTRUCTURE. Because of common travel patterns and language barriers, relationships with trade professionals are essential to conducting travel business in Japan. The trade infrastructure is vertically integrated in Japan, with a few large suppliers dominating much of the market. JTB and Kintetsu International are the largest trade companies in Japan. Salt Lake City offers no direct nonstop flights to the Japanese market. However, 3 direct nonstop flights are available between Tokyo and Las Vegas.

UTAH VISITORS FROM JAPAN SUMMARY - 1997-1999*

Utah Division of Travel Development

DEMOGRAPHICS

AGE (years)	
Averare Age (mean)	42.7
18-34 Years	32%
35-54 Years	48%
55+ Years	20%

HOUSEHOLD INCOME ($US)	
Average HH Income	$89,600
< $40,000	19%
$40,000 - $80,000	32%
$80,000 - $120,000	25%
$120,000+	25%

PARTY COMPOSITION	
Avg. Travel Party (mean)	1.7
Traveling Alone	32%
Spouse	23%
Family/Relatives	17%
Friends	16%
Business Associates	13%
Group Tour	12%
Adults Only	96%
Adults and Children	4%

GENDER	
Men	68%
Women	32%

FREQUENT TRAVELERS	
Repeat Visitor to the U.S.	79%
U.S. Trips last 12 Months	2.0
U.S. Trips last 5 Years	5.7
1 Trip	35%
2 - 5 Trips	34%
5+ Trips	31%

OTHER DESTINATIONS VISITED	
# of States Visited	3.4
# of Destinations Visited	4.5
California	65%
Los Angeles	38%
San Francisco	21%
Yosemite N.P.	7%
Nevada	58%
Las Vegas	44%
Arizona	38%
Grand Canyon N.P.	26%
Wyoming	17%
Yellowstone	15%
New York	11%
New York City	10%
Colorado	6%
Washington	6%
Seattle	6%

TRAVEL PATTERNS

ADVANCE TRIP DECISION	
Advance Trip Decision	59 Days
Advance Air Reservations	26 Days
Use of Pre-Booked Lodging	78%

USE OF PACKAGES	
YES	28%
Guided Tour	25%
Air/Lodging	21%
Air/Lodging/Tour	18%
Air/Lodging/Bus	11%
Air/Lodging/Bus/Tour	11%
Air/Rental Car	3%
Air/Lodging/Rental Car	1%
Advance Package Booking	61 Days
# of Nights Pre-paid as Part of a Package	8.8

INFORMATION SOURCES	
Travel Agency	61%
Travel Guides	18%
Friends/Relatives	17%
Tour Company	17%
Personal Computer	15%
Newspapers/Magazines	11%
Corp. Travel Department	11%
Airlines Directly	11%
Other	5%

ACCOMMODATIONS	
Hotel/Motel	83%
Private Home	13%
Other	6%

TRANSPORTATION IN U.S.	
Airlines in U.S.	66%
Taxi/Cab/Limousine	45%
Rented Auto	42%
Company or Private Auto	37%
City Subway/Tram/Bus	23%

LENGTH OF STAY	
# of Nights In UT (mean)	4.6
# of Nights in US (mean)	12.7

UTAH DESTINATIONS VISITED	
Salt Lake City	55%
Bryce Canyon N.P.	22%
Monument Valley	17%
Zion N.P.	12%
Glen Canyon	10%

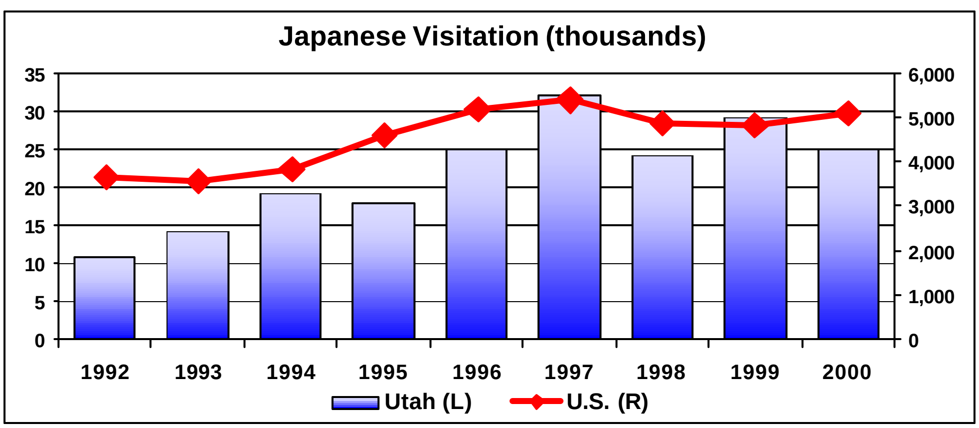
PURPOSE/ACTIVITIES

PURPOSE OF TRIP	
Leisure & VFR	65%
Leisure/Rec./Holidays	52%
Visit Friends/Relatives	13%
Business & Convention	35%
Business/Professional	27%
Convention/Conference	3%
Study/Teaching	3%

PORT OF ENTRY	
Los Angeles	28%
San Francisco	28%
Portland	21%
Seattle	5%

LEISURE ACTIVITIES	
Shopping	84%
Dining in Restaurants	78%
Visit National Parks	56%
Sightseeing in Cities	54%
Visit Small Towns	42%
Touring Countryside	37%
Visit Am. Indian Comm.	36%
Guided Tours	31%
Casinos/Gambling	29%
Amusement/Theme Parks	27%
Visit Historic Places	26%
Camping/Hiking	19%
Cultural or Heritage Sites	18%
Art Gallery/Museum	13%
Ethnic Heritage Sites	11%
Concert/Play/Musical	11%
Water Sports/Sunbathing	10%
Nightclubs/Dancing	10%
Cruises	8%
Golfing/Tennis	8%
Snow Skiing	5%
Attend Sports Event	4%
Environ./Eco Excursions	3%
Ranch Vacations	2%
Hunting/Fishing	2%

PERFORMANCE	
Total Int'l. Visitation (000s)	29
Market Share	0.6%
Avg. Spending Per-Visitor-Per-Day (mean)	$141



SOURCE: OTTI, U.S. Department of Commerce